
Chinese steel price to grow by 35% in 2008 - Analysts

Thursday, 22 Nov, 2007

It is reported that China's top steelmaker Baosteel, which announced increase in prices for Q1 of 2008 is likely to steer China's steel price trend next year.

Mr Tang Xiaobo analyst for UBS steel noted "The price change is reasonable, given such drivers as rising raw materials like iron ore, and the marine transportation cost.

Mr Tang who forecast the steel prices to grow 35% next year said that "We hold neutral toward China's steel industry in next 12 months." As both lucrative factors and hidden risks will coexist: stepping up M&A and moderate sales price rise on one hand, and rising raw materials cost, slowing export and incremental steel capacity on the other.

He said that the demand is to go down as the world economy growth rate could be slower next year and the steel price hike will fall short for offsetting ore price rise. As a result, the steel industry will keep neutral globally, with bullish outlook for Russia, Latin America and the US.

Mr Tang said next year will be a year of M&A with a host of acquisition case to emerge, China's steel industry will take on six giants by 2010: Baosteel Group 80 million tonnes, Anben Group 40 million tonnes, WSICO 44 million tonnes, Shougang 30 million tonnes, New Tanggang 30 million tonnes and Shandong Steel Group 30 million tonnes.

(Sourced from MySteel.net)

For more news visit at www.steelguru.com